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If you have sold or otherwise transferred all of your Hill & Smith PLC shares please forward this document, together with the accompanying documents, as soon as possible to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for onward delivery to the purchaser or transferee.



NOTICE OF ANNUAL GENERAL MEETING 2023

Thursday 25 May 2023 at 11.00 a.m.

TO BE HELD AT

Cranmore Park Conference, Event & Exhibition Centre, Cranmore Avenue, Shirley,
West Midlands, B90 4LF



Hill & Smith PLC

Registered Office:
Westhaven House
Arleston Way
Shirley
Solihull
West Midlands
B90 4LH

(Registered in England and Wales Company Number 671474)

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LETTER FROM THE INTERIM EXECUTIVE CHAIR

11 April 2023

Dear Shareholder

ANNUAL GENERAL MEETING 2023

The 62nd Annual General Meeting ('AGM') of Hill & Smith PLC ('the Company') will be held at 11.00 a.m. on Thursday 25 May 2023 at Cranmore Park Conference, Event & Exhibition Centre, Cranmore Avenue, Shirley, West Midlands, B90 4LF.

The formal Notice of Meeting ("Notice") is on pages 1 to 6 of this document and sets out and explains the resolutions to be proposed and considered at the AGM ('Resolutions'). Whether or not you intend to be present at the AGM I would ask that you complete and return the Form of Proxy. It is important that you are aware that the completion and return of the Form of Proxy will not prevent you from attending the AGM and voting in person if you wish to do so.

You will find the Form of Proxy either enclosed (if you have received a hard copy of this Notice) or at www.investorcentre.co.uk/eproxy ('the website'). The Form of Proxy can be returned, either in hard copy form to the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY in the reply-paid envelope provided, or by following the on-screen instructions on the website. To use the website you will need the Control Number, your SRN and PIN number, which you will find either on the hard copy Form of Proxy or email notification of this Notice. Whether by post or by completion online, the Form of Proxy needs to be received by the Company's Registrars as soon as possible and in any event by 11.00 a.m. on Tuesday 23 May 2023.

Following the conclusion of the AGM the results of the voting on the Resolutions put to the meeting will be posted on the Company's website (www.hsgroup.com), which also contains copies of all corporate reports, this letter and Notice as well as other information relating to the Company.

Your Directors are of the opinion that all of the Resolutions to be considered at the AGM are in the best interests of the Company and its shareholders as a whole. Accordingly, they unanimously recommend that you vote in favour of each of the Resolutions, which they intend to do in respect of their own beneficial shareholdings, which at the time of printing was 50,410 ordinary shares, representing in aggregate approximately 0.06% of the Company's issued share capital as at 17 March 2023.

Yours faithfully

Alan Giddins
Interim Executive Chair

NOTICE OF ANNUAL GENERAL MEETING HILL & SMITH PLC

(Registered in England No. 671474)

The 62nd Annual General Meeting of Hill & Smith PLC will be held at Cranmore Park Conference, Event & Exhibition Centre, Cranmore Avenue, Shirley, West Midlands, B90 4LF on Thursday 25 May 2023 at 11.00 a.m. for the purpose of considering the following Resolutions, of which Resolutions 1 to 13 and 23 will be proposed as Ordinary Resolutions and Resolutions 14 to 22 will be proposed as Special Resolutions.

ORDINARY BUSINESS

Resolution 1

To receive, consider and adopt the Company's Annual Accounts for the financial year ended 31 December 2022 and the reports of the Directors and the Auditor thereon.

The Directors will present to the Annual General Meeting the Accounts and the reports of the Directors and Auditor for the year ended 31 December 2022.

Resolution 2

To approve the Directors' Remuneration Policy contained in the Directors' Remuneration Report for the year ended 31 December 2022 which takes effect immediately after the Annual General Meeting.

The Companies Act 2006 requires the Company to seek shareholder approval of the Directors' Remuneration Policy at least every three years. Having been last approved at the 2020 AGM this policy is being put to the meeting. This is a binding policy and, after it takes effect, the Directors will not be entitled to remuneration unless such remuneration is consistent with the approved policy from time to time or shareholders otherwise approve an amendment to the policy authorising the remuneration. This Resolution seeks such approval. If approved the policy will take effect from the end of the Annual General Meeting and will be subject to shareholder approval at least every three years.

Resolution 3

To receive and approve the Directors' Remuneration Report for the financial year ended 31 December 2022.

Shareholders are entitled to vote upon the Remuneration Report which can be found (together with the Auditor's report thereon) within the Company's Annual Report and Accounts for the year ended 31 December 2022.

Resolution 4

To approve the payment on 7 July 2023 of the proposed final dividend in respect of the year ended 31 December 2022 of 22p per share.

The proposed final dividend will be payable on 7 July 2023 to shareholders on the register at the close of business on 2 June 2023. When taking the interim dividend of 13p per share into account the total dividend for the year will be 35p per share.

Resolution 5

To re-elect Alan Giddins as a Director.

By this Resolution Alan Giddins offers himself for re-election as a Director. Alan was appointed Chair of the Board in October 2019, having previously served as the senior independent director since his appointment to the Board in October 2017. Alan is also Chair of the Nomination Committee.

Alan was formerly a Managing Partner and Global Head of Private Equity at 3i Group plc, and a member of its Executive Committee. He has extensive experience sitting on the boards of international businesses. Prior to joining 3i, he spent 13 years in investment banking advising a broad range of quoted companies. He qualified as a Chartered Accountant at KPMG in 1990 and has a degree in Economics.

Alan is Chair of Watkin Jones plc and a Non-executive Director of Big Society Capital, a leading social impact led investor. In July 2022 Alan was asked by the Board to take on the role of Executive Chair while a search was undertaken for a new Chief Executive.

Resolution 6

To re-elect Tony Quinlan as a Director.

By this Resolution Tony Quinlan offers himself for re-election as a Director. Tony is a Non-executive Director of the Company, Senior Independent Director, Chair-elect of the Remuneration Committee and member of the Audit and Nomination Committees.

Tony has had a successful international career as a plc Director in major technology, industrial, energy and retail companies. He was most recently CEO of Laird plc, where he led a successful turnaround and then took it from listed to private ownership under Advent International. In addition, Tony is a Senior Independent Director and Audit Chair of Costain Group PLC, Non-executive Director of Associated British Ports and has served as Deputy Chair for the Port of London Authority, where he also Chaired the Audit Committee.

Tony qualified as a Chartered Accountant in 1991 and has a degree in Chemistry with Business Studies.

Resolution 7

To re-elect Mark Reckitt as a Director.

By this Resolution Mark Reckitt offers himself for re-election as a Director. Mark is a Non-executive Director of the Company, Chair of the Audit Committee and a member of the Remuneration and Nomination Committees.

Mark is a Chartered Accountant and was Group Strategy Director of Smiths Group plc from February 2011 to April 2014, Divisional President of Smiths Interconnect from October 2012 to April 2014 and Non-executive Director of JD Wetherspoon plc from May 2012 to May 2016. Prior to joining Smiths, Mark was interim Managing Director of Green & Black's Chocolate and before that he held a number of finance and strategy roles at Cadbury plc before being appointed its Chief Strategy Officer from 2004 to 2010. He is Senior Independent Non-executive Director and Chairman of the Audit Committee at Cranswick plc, where he is also a member of the Nomination and Remuneration Committees. Mark was also a Non-executive Director of Mitie Group PLC until July 2018.

Resolution 8

To re-elect Pete Raby as a Director.

By this resolution Pete Raby offers himself for re-election as a Director. Pete is a Non-executive Director of the Company, and member of the Nomination, Audit and Remuneration Committees.

Pete has been the Chief Executive of Morgan Advanced Materials plc since August 2015. Prior to that, he was the President of the Communications and Connectivity sector within Cobham plc, following a nine year career with Cobham, where he held a number of senior leadership roles covering strategy, technology, business transformation, and business leadership. Prior to Cobham, Pete was a partner at McKinsey & Company in London specialising in strategy and operations in the aerospace, defence, and power and gas sectors. He has a PhD in satellite navigation and a M.Eng in Electronic and Electrical Engineering.

Resolution 9

To re-elect Leigh-Ann Russell as a Director.

By this Resolution Leigh-Ann Russell offers herself for re-election as a Director. Leigh-Ann is a Non-executive Director of the Company and a member of the Nomination, Audit and Remuneration Committees.

Leigh-Ann joined bp's executive leadership team as EVP Innovation and Engineering in March 2022. In this role she leads bp's global scientists and engineers to deliver technical innovation, providing assurance through the Safety and Operational Risk and Digital Security teams and leads digital innovation through the IT&S and Digital disciplines. She was previously bp's Chief Procurement Officer, accountable for a safe, ethical, and competitive supply chain of £30bn global annual spend. Her main career has been leading large operational, safety and engineering global teams and she was formerly Vice President of Technical Functions. Leigh-Ann holds a degree in Mechanical Engineering, is a chartered engineer and Fellow of the Royal Academy of Engineering and Energy Institute.

Resolution 10

To re-elect Farrokh Batliwala as a Director.

By this Resolution Farrokh Batliwala offers himself for re-election as a Director. Farrokh is a Non-executive Director of the Company and a member of the Nomination, Audit and Remuneration Committees.

Farrokh was formerly President of the Connect and Control Technologies division of ITT Inc ("ITT"), a US listed industrials group. Farrokh has significant international operational and leadership experience, combined with having held senior roles in both Strategy and M&A. Prior to joining ITT, Farrokh held senior management roles at both Eaton Corporation and Pratt & Whitney. Farrokh lives on the East Coast of the US and has a degree in Mechanical Engineering from Vanderbilt University and an MBA from Kellogg School of Management, Northwestern University.

Resolution 11

To re-elect Hannah Nichols as a Director.

By this resolution Hannah Nichols offers herself for re-election as a Director. Hannah is the Chief Financial Officer of the Company.

Hannah joined the Group in September 2019. Prior to joining, Hannah had a 14-year career in BT Group plc, most recently as Chief Financial Officer, Asia Middle East and Africa for BT Global Services based in Singapore. Hannah also held a number of commercial roles at Cable & Wireless prior to joining BT. She qualified as a Chartered Accountant at Arthur Andersen in 1999 and has a Classics degree.

Resolution 12

To re-appoint Ernst & Young LLP as Auditor from the conclusion of this meeting until the conclusion of the next general meeting before which accounts are laid.

The Auditors of a Company must be appointed at each general meeting at which accounts are laid. This Resolution proposes, on the recommendation of the Audit Committee and Board, that Ernst & Young LLP be reappointed as Auditor.

Resolution 13

To authorise the Directors to determine the Auditor's remuneration.

In determining the remuneration of the Auditor your Directors propose to take into account appropriate Investment Association guidelines.

SPECIAL BUSINESS

Resolution 14

That, in accordance with section 551 of the Companies Act 2006, the Directors be generally and unconditionally authorised to exercise all the powers of the Company to allot and grant Relevant Securities (as defined below) up to an aggregate nominal amount of £6,674,922 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on 25 August 2024 or, if earlier, the date of the next Annual General Meeting of the Company save that the Company may, before such expiry, make offers or agreements which would or might require Relevant Securities to be allotted or granted and the Directors may allot or grant Relevant Securities in pursuance of such offer or agreement notwithstanding that the authority conferred by this Resolution has expired.

This Resolution revokes and replaces all unexercised authorities previously granted to the Directors to allot and grant Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

Relevant Securities means:

1. shares in the Company other than shares allotted pursuant to:
 - a. an employee share scheme (as defined by section 1166 of the Companies Act 2006);
 - b. a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
 - c. a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security; and

2. any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Companies Act 2006).

The Directors require the authority of the Company's shareholders both (i) to issue shares and (ii) to do so other than in proportion to individual shareholders' holdings (in each case, other than pursuant to an employees' share scheme).

The Investment Association's Share Capital Management Guidelines state that its members will permit, and treat as routine, resolutions seeking authority to allot ordinary shares representing up to two thirds of a company's issued ordinary share capital. The Guidelines provide that any routine authority to allot ordinary shares representing in excess of one third of a company's issued ordinary share capital should only be used to allot shares pursuant to a fully pre-emptive rights issue.

In accordance with these Guidelines, the Directors seek shareholders' authority to allot Relevant Securities up to a maximum nominal amount of £6,674,922 which represents approximately 33.3% of the Company's issued ordinary shares as at 17 March 2023 (the last practicable date prior to the publication of this Notice).

It is the Company's policy to seek renewal of these authorities annually - the authority granted by this Resolution replaces the authority granted by the equivalent Resolution at last year's Annual General Meeting of the Company and will expire on 25 August 2024 or, if earlier, the date of the next Annual General Meeting of the Company.

While the Directors have no present intention to exercise any authority to allot or grant Relevant Securities, they consider it appropriate to retain the flexibility to do so should appropriate business opportunities arise.

As at close of business on 17 March 2023, the Company did not hold any treasury shares (please refer to the notes to Resolution 15 for further information on treasury shares).

Resolution 14 complies with Investment Association and other relevant guidelines.

Resolution 15

That subject to the passing of Resolution 14 as set out in this Notice of Meeting, the Directors be given the general power to allot equity securities (as defined by section 560 of the Companies Act 2006) for cash, either pursuant to the authority conferred by Resolution 14 or by way of a sale of treasury shares, as if section 561(1) of the Companies Act 2006 did not apply to any such allotment, provided that this power shall be limited to:

1. the allotment of equity securities in connection with an offer of equity securities:
 - a. to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
 - b. to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
2. the allotment (otherwise than pursuant to paragraph (1) above) of equity securities up to an aggregate nominal amount of £1,001,238.

The power granted by this Resolution will expire on 25 August 2024 or, if earlier, the conclusion of the Company's next Annual General Meeting (unless renewed, varied or revoked by the Company prior to or on such date) save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this Resolution has expired.

This Resolution revokes and replaces all unexercised powers previously granted to the Directors to allot equity securities as if section 561(1) of the Companies Act 2006 did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

If the Directors wish to allot equity securities or sell treasury shares for cash (other than pursuant to an employees' share scheme) they must, in the first instance, offer them to existing shareholders of the Company in proportion to their holdings. There may be occasions, however, when the Directors need the flexibility to finance business opportunities by the issue of new shares without a pre-emptive offer to existing shareholders. This cannot be done under the Companies Act 2006 unless shareholders have first waived their pre-emption rights.

This Resolution seeks the renewal of the Directors' power to allot equity securities or sell any treasury shares held for cash without first offering them to existing shareholders in the following circumstances only:

- a. in connection with a rights issue or other proportionate general offer to shareholders; and/or
- b. otherwise up to an aggregate nominal value of £1,001,238, which is 5% of the Company's issued share capital as at 17 March 2023 (the last practicable date prior to the publication of this Notice).

It is the Company's policy to seek renewal of this power annually - the power conferred by this Resolution replaces the power conferred by the equivalent Resolution at last year's Annual General Meeting of the Company and will expire on 25 August 2024 or, if earlier, at the conclusion of the Annual General Meeting to be held in 2024.

Your Directors have no present intention to exercise this authority and, if they do exercise it, will ensure that, in accordance with the Investment Association's Share Capital Management Guidelines, no more than 7.5% of the issued ordinary share capital of the Company (excluding treasury shares) will be issued on a non-pre-emptive basis in any rolling three-year period other than in relation to a rights issue or pursuant to Resolution 16.

Resolution 15 complies with Investment Association and other relevant guidelines.

Resolution 16

That if Resolutions 14 and 15, as set out in the Notice of Meeting are passed, the Directors be authorised pursuant to section 570 of the Companies Act 2006 in addition to any authority granted under Resolution 14 as set out in the Notice of Meeting to allot equity securities (as defined in section 560 of the Companies Act 2006) for cash under the general authority given by Resolution 15, as set out in the Notice of Meeting, and/or empowered pursuant to section 573 of the Companies Act 2006 to sell ordinary shares (as defined in section 724 of the Companies Act 2006) for cash as if section 561(1) of the Companies Act 2006 did not apply to any such allotment or sale, such authority to:

1. be limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £1,001,238, representing 5% of the issued share capital at 17 March 2023;
2. be used only for the purpose of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or another capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this Notice; and
3. expire at the end of the next annual general meeting of the Company or, if earlier the close of business on 25 August 2024 but in each case, prior to its expiry the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) under such offer or agreement as if the authority had not expired.

This Resolution seeks to grant the Directors further power to allot equity securities or sell any treasury shares held for cash without first offering them to existing shareholders in the following circumstances only:

- a. *(other than and in addition to pursuant to Resolution 15) up to an aggregate nominal amount of £1,001,238, which is 5% of the issued share capital as at 17 March 2023 (the last practicable date prior to the publication of this Notice); and*
- b. *where the purpose of such allotment/sale is to finance (or, within six months of the original transaction, refinance) an acquisition or specified capital investment which is announced contemporaneously with the allotment/sale or which has taken place in the preceding six month period and is disclosed in the announcement of the allotment/sale.*

The power conferred by this Resolution will expire on 25 August 2024 or, if earlier, at the conclusion of the Annual General Meeting to be held in 2024.

Your Directors will ensure that if this power is exercised:

- a. *the Company will disclose (in the announcement regarding the issue) the circumstances that have led to its use and describe the consultation process undertaken; and*
- b. *the Company publishes in the next annual report:*
 - a. *the actual level of discount achieved;*
 - b. *the net proceeds raised;*
 - c. *how those net proceeds were used; and*
 - d. *the percentage increase in the issued share capital due to non-pre-emptive issuance for cash over the three-year period preceding the issue.*

This Resolution complies with Investment Association and other relevant guidelines.

Resolution 17

That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 25p each provided that:

1. the maximum aggregate number of ordinary shares that may be purchased is 4,004,953;
2. the minimum price (excluding expenses) which may be paid for each ordinary share is 25p;
3. the maximum price (excluding expenses) which may be paid for each ordinary share is the higher of:
 - a. 105% of the average of the middle market value of an ordinary share in the Company as derived from the London Stock Exchange plc Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and
 - b. the value of an ordinary share calculated on the basis of the higher of the price of:
 - i. the last independent trade of; and
 - ii. the highest current independent bid for;any number of the Company's ordinary shares on the trading venue where the purchase is carried out.

The authority conferred by this Resolution will expire on 25 August 2024 or, if earlier, at the conclusion of the Company's next Annual General Meeting save that the Company may, before the expiry of the authority granted by this Resolution, enter into a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry of such authority.

At the Annual General Meeting of the Company held on 24 May 2022, the Company was given authority to make market purchases of up to 3,997,597 of its ordinary shares (being 5% of the Company's then issued share capital). That authority will expire at the conclusion of this Annual General Meeting and so Resolution 17, seeks a new authority to make market purchases of up to 4,004,953 of its ordinary shares, representing 5% of the Company's issued share capital as at 17 March 2023. This authority (as in the case of the previous authority) specifies the minimum and maximum prices at which such ordinary shares may be purchased.

Your Directors have no current proposals to exercise these powers. Their intention is to exercise these powers of purchase only after careful consideration and in circumstances where, in the light of market conditions prevailing at the time, they are satisfied that it is likely to result in an increase in earnings per share and is in the best interests and to the benefit of the shareholders generally to do so.

If the power to buy back shares is exercised the Company may either cancel those shares so purchased or hold them in treasury. Shares held in treasury may be cancelled or resold for cash but rights attaching to them (including rights to vote and receive dividends) are suspended whilst they are held in treasury. Your Directors will have regard to the interests of shareholders and to any Institutional Association guidelines as to whether any such shares bought back pursuant to the power given by this Resolution are cancelled or held as treasury shares and if held as treasury shares as to any subsequent dealings with such shares.

As at 17 March 2023 there were options (but no warrants) outstanding over 1,721,577 shares (2.15% of the Company's issued share capital at that date). If the authority given by this Resolution was fully used these options would represent 2.26% of the Company's issued share capital.

The power conferred by this Resolution will expire at the conclusion of the Annual General Meeting to be held in 2024 or on 25 August 2024, whichever is the earlier.

Resolution 18

THAT:

1. The rules of the Hill & Smith 2023 Long Term Incentive Plan in the form produced to the meeting and initialled by the Chair of the meeting for the purposes of identification (the "LTIP"), the principal terms of which are summarised in the Appendix to this Notice of Meeting, be and are hereby approved and the Directors of the Company be and are hereby authorised to adopt the LTIP and do all acts and things which they may, in their absolute discretion, consider necessary or expedient to give effect to the LTIP; and
2. The Directors of the Company be and are hereby authorised to adopt further schemes based on the LTIP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the LTIP.

This and the following three Resolutions arise from the Remuneration Policy to be put to the AGM. To ensure that the Company's share incentive schemes are fully consistent with the Remuneration Policy your Directors seek approval for three share incentive schemes that in material terms are broadly similar to the current LTIP, Executive Share Option Scheme and Sharesave scheme, but updated to ensure that they include provisions compliant with good governance and HMRC requirements as well as the Remuneration Policy, plus a scheme for US employees. These four schemes will replace the three current schemes, under which no awards may be granted after May 2024 (the tenth anniversary of the date they were approved by shareholders). Your Directors are of the view that both the Remuneration Policy and the schemes to be considered at the AGM provide fair, proportionate and long-term incentives and are in the best interests of Shareholders.

A summary of the LTIP is set out in the Appendix to this Notice.

Resolution 19

THAT:

1. the rules of the Hill & Smith 2023 Executive Share Option Scheme in the form produced to the meeting and initialled by the Chair of the meeting for the purposes of identification (the "Option Scheme"), the principal terms of which are summarised in the Appendix to this Notice of Meeting, be and are hereby approved and the Directors of the Company be and are hereby authorised to adopt the Option Scheme and do all acts and things which they may, in their absolute discretion, consider necessary or expedient to give effect to the Option Scheme; and
2. the Directors of the Company be and are hereby authorised to adopt further schemes based on the Option Scheme but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the Option Scheme.

A summary of the Option Scheme is set out in the Appendix to this Notice.

Resolution 20

THAT:

1. the rules of the Hill & Smith 2023 Sharesave Scheme in the form produced to the meeting and initialled by the Chair of the meeting for the purposes of identification (the "Sharesave Scheme"), the principal terms of which are summarised in the Appendix to this Notice of Meeting, be and are hereby approved and the Directors of the Company be and are hereby authorised to adopt the Sharesave Scheme and do all acts and things which they may, in their absolute discretion, consider necessary or expedient to give effect to the Sharesave Scheme; and
2. the Directors of the Company be and are hereby authorised to adopt further schemes based on the Sharesave Scheme but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the Sharesave Scheme.

A summary of the Sharesave Scheme is set out in the Appendix to this Notice

Resolution 21

THAT:

1. the rules of the Hill & Smith 2023 US Employee Stock Purchase Plan (the "ESPP") in the form produced to the meeting and initialled by the Chair of the meeting for the purposes of identification, the principal terms of which are summarised in the Appendix to this Notice of Meeting, be and are hereby approved and the Directors of the Company be and are hereby authorised to adopt the ESPP and do all acts and things which they may, in their absolute discretion, consider necessary or expedient to give effect to the ESPP;
2. the Directors of the Company be and are hereby authorised to adopt further schemes based on the ESPP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further schemes are treated as counting against any limits on individual or overall participation in the ESPP.

A summary of the ESPP is set out in the Appendix to this Notice.

Resolution 22

That from the date of the passing of this Resolution (but so that the authority given by this Resolution shall expire at the conclusion of the next Annual General Meeting of the Company or 25 August 2024, whichever is the earlier), a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

Under the Companies Act 2006, the required notice period for general meetings is 21 days unless shareholders approve a shorter notice period, subject to a minimum of 14 clear days, although annual general meetings must continue to be held on at least 21 clear days' notice.

This Resolution seeks to refresh the existing shareholder approval to call general meetings (other than Annual General Meetings) on 14 clear days' notice.

Your Directors would like to preserve this ability in order to assist the Company to conduct its business and put any necessary matters to shareholders promptly, but your Directors intend to use this authority only where the shorter notice will be to the advantage of shareholders as a whole or where it is merited by the business of the meeting and the circumstances surrounding the business.

The Company must also meet the requirements for electronic voting before it can call a general meeting on 14 clear days' notice.

Resolution 23

That the Company and all companies that are its subsidiaries at any time during the period for which this Resolution has effect, for the purposes of section 366 of the Companies Act 2006 (the 'Act'), be authorised to:

- a. make political donations to political parties or independent election candidates (as such terms are defined in sections 363 and 364 of the Act), not exceeding £15,000 in aggregate;
- b. make political donations to political organisations other than political parties (as such terms are defined in sections 363 and 364 of the Act), not exceeding £15,000 in aggregate; and
- c. incur political expenditure (as such term is defined in section 365 of the Act), not exceeding £15,000 in aggregate,

during the period beginning with the date of the passing of this Resolution and ending at the end of the Company's next Annual General Meeting after this Resolution is passed (or, if earlier, at the close of business on 25 August 2024), provided that the maximum amounts referred to in (a), (b) and (c) above may comprise sums in different currencies, which shall be converted at such rate as the Board may in its absolute discretion determine to be appropriate.

This Resolution concerns Part 14 of the Companies Act 2006, which provides that political donations made by a company to political parties, other political organisations and independent election candidates or political expenditure incurred by a company must be authorised in advance by shareholders.

The Company's policy is not to make political donations of the type caught by these provisions and the Directors have no intention of changing that policy. However, as a result of the wide definitions in the Act, normal expenditure (such as expenditure on organisations concerned with matters of public policy, law reform and representation of the business community) and business activities (such as communicating with the Government and political parties at local, national and European level) might be construed as political expenditure or as a donation to a political party or other political organisation and fall within the restrictions of the Act.

This Resolution does not purport to authorise any particular donation or expenditure but is expressed in general terms as required by the Act and is intended to authorise normal donations and expenditure. If passed, Resolution 19 would allow the Company and its subsidiaries to make donations to political parties, other political organisations and independent election candidates and to incur political expenditure (as defined in the Act) up to an aggregate limit of £45,000 during the period from the date on which this Resolution is passed until 25 August 2024 or, if earlier, the conclusion of the Company's next following Annual General Meeting whilst avoiding (because of the uncertainty over the definitions used in the Act) inadvertent infringement of the Act. Any political donation made or political expenditure incurred which is in excess of £2,000 will be disclosed in the Company's Annual Report for the next year, as required by the Act. The authority will not be used to make political donations within the normal meaning of that expression.

The Company has not made any political donations in the period up to the date of this Notice and has no plans to do so.

By order of the Board

11 April 2023

C A Henderson
Company Secretary

Registered Office:
Westhaven House
Arleston Way
Shirley
Solihull
West Midlands
B90 4LH

FURTHER INFORMATION

Entitlement to attend and vote

The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the Register of Members of the Company as at close of business on Tuesday 23 May 2023 or, if the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the Register after close of business on Tuesday 23 May 2023, or if the meeting is adjourned, changes to entries in the Register of Members later than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Upon arrival at the AGM, please produce to the Company's Registrars your Form of Proxy or, where shares are held in a nominee account, a Letter of Representation issued by your stockbroker.

Proxies

A member entitled to attend the meeting and vote on the resolutions is entitled to appoint one or more proxies to attend, speak and vote on his/her behalf provided that (where more than one proxy is appointed) each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A proxy need not be a member of the Company. A proxy or proxies can only be appointed using the procedures set out on page 8 of this document and in the notes to the Form of Proxy. Please note that the time by which appointments of proxies must be lodged is set out in those procedures.

Nominated persons

Any person to whom the Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. Nominated Persons should contact the registered member by whom they were nominated (or perhaps their custodian or broker) in respect of these arrangements. The only exception to this is where the Company expressly requests a response from a Nominated Person.

The statement of the rights of shareholders in relation to the appointment of proxies in the paragraphs headed 'Proxies' above does not apply to Nominated Persons. The rights described in those paragraphs can only be exercised by shareholders of the Company.

Corporate representatives

Any corporation which is a member of the Company can appoint one or more corporate representatives who may vote on the resolutions on its behalf as a member provided that they do not do so in relation to the same share.

Documents available for inspection at and prior to the AGM

Copies of contracts of service and letters of engagement of the Directors with the Company and the Articles of Association of the Company are available for inspection at the Company's registered office on any weekday (Saturdays, Sundays and Bank Holidays excepted) during normal business hours. The rules of the LTIP, Option Scheme, Sharesave Scheme and ESPP will be available for inspection at the location of the AGM for at least 15 minutes before and during the meeting and on the National Storage Mechanism from the date of this circular.

Raising questions

Any member has the right under section 319a of the Companies Act 2006 to ask questions at an AGM and we have arranged for you to be able to submit questions using the email address shareholder.questions@hgroup.com. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

Audit concerns

Under section 527 of the Companies Act 2006 members of the Company meeting the threshold requirements set out in that section (being either (a) a member or members having a right to vote on the resolutions and holding at least 5% of the total voting rights in the Company or (b) at least 100 members having a right to vote on the resolutions and holding, on average, at least £100 of paid up share capital) have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditor's report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which Annual Accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the AGM includes any statement that the Company has been required to publish on a website under section 527 of the Companies Act 2006.

Website information

Information regarding the AGM, including the information required by section 311a of the Companies Act 2006, is available from the Company's website (www.hsgroup.com).

Voting rights

As at 17 March 2023 (the last practicable date for which figures are available prior to the publication of this document) the Company's issued share capital comprised 80,099,068 Ordinary Shares, carrying one vote each and none of such shares were held as treasury shares. Accordingly, the total voting rights in the Company as at 17 March 2023 were 80,099,068.

Contacting the Company

Members who have general queries about the AGM or who wish to raise an audit concern under section 527 of the Companies Act 2006 should contact the Company, either by writing to the Company Secretary at the Company's registered office or by email to enquiries@hsgroup.com (please state 'AGM' in the subject line). Any other electronic address provided either in this Notice or any related documents (including the Interim Executive Chair's letter, Form of Proxy or Annual Report and Accounts) may not be used to communicate with the Company for any purpose other than those expressly stated.

VOTING BY PROXY

As mentioned in the Interim Executive Chair's letter, please complete and return the Form of Proxy whether or not you intend to attend the AGM. The return of a completed Form of Proxy will not prevent you from attending the AGM and voting in person if you wish to do so.

Appointing a proxy

If you have received a hard copy of this Notice a Form of Proxy will have been enclosed. The Form of Proxy contains instructions on its submission, whether in hard copy form, online by way of the Registrar's website (www.investorcentre.co.uk/eproxy) or via the CREST system. It also contains details of how to appoint more than one proxy. To file a proxy online you will need the Control Number and also your SRN and PIN numbers each of which you will find on any email notification of this Notice or hard copy Form of Proxy that you have received. To be valid proxies must be completed and lodged with the Company's Registrars in accordance with the Explanatory Notes on the Form of Proxy not less than 48 hours before the time appointed for the holding of the AGM. If you have received a hard copy of this Notice a reply paid envelope will also have been provided. If you do not have but require a hard copy Form of Proxy or reply paid envelope or require additional forms (including for the purpose of changing any proxy instructions previously given) please contact Computershare Investor Services PLC (our Registrars) on 0370 707 1058. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Please note that the Form of Proxy invites you to vote in one of three ways: 'For', 'Against' or 'Vote Withheld'. A 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the votes 'For' and 'Against' a Resolution.

Changing proxy instructions

To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. If you have appointed a proxy using the hard copy Form of Proxy and would like to change the instructions using another hard copy Form of Proxy please contact our Registrars on the number given above.

Appointment of a proxy by CREST members

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the AGM and any adjournment(s) of it by using the procedures described in the CREST Manual (available from www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID Number 3RA50) not later than 48 hours before the time appointed for holding the AGM or any adjournment of the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

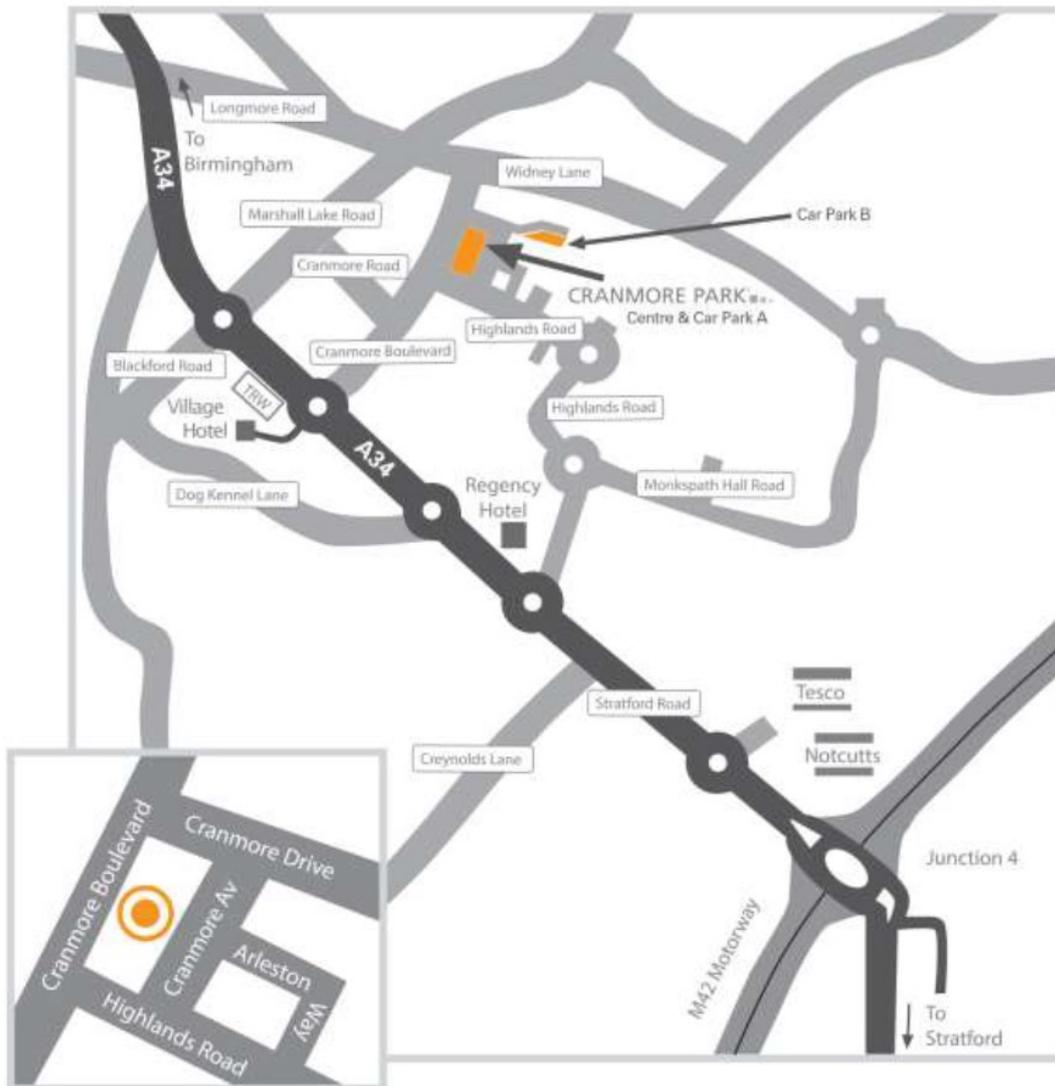
Joint holders and companies

In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s). Seniority is determined by the order in which the names of such joint holders appear in the Register of Members (the first-named being the most senior). The signature of any one joint holder will be sufficient. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which any Form of Proxy is signed (or a notarially certified copy of such power of attorney) must be included with the Form.

Revoking a proxy

In order to revoke a proxy instruction you will need to inform the Company's Registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment. To be effective any such revocation must be received by the latest time for submission of Forms of Proxy.

MAP OF VENUE



Local Directions to Cranmore Park from: Junction 4 - M42

- A34 Stratford Road follow signs for Birmingham
- At fourth island turn right onto Cranmore Boulevard
- At second mini roundabout turn right onto Highlands Road
- First left into Cranmore Avenue

M6 - North of Birmingham

- Leave M6 at junction 4A for M42 South
- Leave M42 at junction 4 for A34 Birmingham
- Follow local map and directions

From Northeast - M1

- Leave M1 at junction 23A for A42 Birmingham
- A42 leads into M42
- Leave M42 at junction 4 for A34 Birmingham
- Follow local map and directions

From Southwest - M5

- Leave M5 at junction 4A for M42
- Leave M42 at junction 4 for A34 Birmingham
- Follow local map and directions

M6 - South of Birmingham

- Leave M6 at junction 4 for M42 South
- Leave M42 at junction 4 for A34 Birmingham
- Follow local map and directions

From South - M40

- Leave M40 for M42 North
- Follow signs to NEC and Birmingham Airport
- Leave M42 at junction 4 for A34 Birmingham
- Follow local map and directions

From Southeast - M1

- Leave M1 at junction 19 for M6
- Leave M6 at junction 4 for M42 South
- Leave M42 at junction 4 for A34 Birmingham
- Follow local map and directions

For Sat Nav, please use B90 4LE

APPENDIX

Summaries of the principal terms of the Hill & Smith 2023 Long Term Incentive Plan (the "LTIP"), the Hill & Smith 2023 Executive Share Option Scheme (the "Option Scheme"), the Hill & Smith 2023 Sharesave Scheme (the "Sharesave Scheme") and the Hill & Smith 2023 US Employee Stock Purchase Plan (the "ESPP") are set out below. Certain provisions which apply to all four arrangements are summarised at the end of the specific summaries below.

THE LTIP

1. ELIGIBILITY

Any employee (including an executive director) of Hill & Smith PLC (the "Company") or any of its subsidiaries will be eligible to participate in the LTIP at the discretion of the Remuneration Committee.

2. FORM OF AWARDS

Awards under the LTIP may be in the form of: (a) a conditional right to acquire ordinary shares in the Company ("Shares") at no cost to the participant (a "Conditional Award"); (b) an option to acquire Shares at no cost to the participant (a "Nil-Cost Option"); (c) a right to receive a cash amount which relates to the value of a certain number of notional Shares (a "Cash Award"). It is not anticipated that an executive director will receive a cash award. Conditional Awards, Nil-Cost Options and Cash Awards are together referred to as "Awards" and each an "Award". References in this summary to Shares include notional Shares to which a Cash Award relates, where appropriate.

3. PERFORMANCE CONDITIONS

Unless the Remuneration Committee determines otherwise, Awards will be subject to the satisfaction of one or more performance conditions which will determine the proportion (if any) of the Award which will vest following the end of a performance period. Unless the Remuneration Committee determines otherwise, a performance period shall be at least three years long. The application of performance conditions to Awards granted to executive directors of the Company will be consistent with the Company's shareholder-approved policy on directors' remuneration. The ability to grant awards without performance conditions within the Plan is considered important given competitor practices across the geographies and markets in which the Company competes for talent (e.g. equity awards without performance targets is standard practice in North America). Any performance condition may be amended or substituted if one or more events occur which cause the Remuneration Committee to consider that an amended or substituted performance condition would be more appropriate. Any amended or substituted performance condition would not be materially less difficult to satisfy. The performance conditions proposed for the Awards to be granted to executive directors in 2023 are described in the Company's Directors' Remuneration Report for the period ended 31 December 2023. The Committee intends to set similarly challenging performance conditions for future awards having had regard to the commercial circumstances at the relevant time.

4. INDIVIDUAL LIMITS

Awards will not be granted to a participant under the LTIP in respect of any financial year over Shares with a market value (as determined by the Remuneration Committee) in excess of 200 per cent of salary in respect of any financial year. The limit has been set to reflect standard market practice for a FTSE 250 Company that competes internationally for the best talent and includes flexibility for awards in exceptional circumstances (e.g. recruitment). Awards to executive directors will be limited to the maximum value under the Company's policy on directors' remuneration from time to time (see page 108 of the 2022 Annual Report containing the 2023 Directors' Remuneration Policy). Where awards are granted without performance conditions, it is expected that award levels will be lower than where performance targets apply (e.g. reduced by 50%). This takes into account the higher certainty of vesting in non-performance related awards. The 2023 Directors' Remuneration Policy does not permit Awards to executive directors without performance conditions.

5. GRANT OF AWARDS

Awards may only be granted within the six week period following (a) the approval of the LTIP by shareholders, (b) announcement of the Company's results for any period, (c) in relation to any person the day on which that person first joins the group, or (d) any day on which the Remuneration Committee determines that exceptional circumstances exist. However, if the Company is restricted from granting Awards during any such period, Awards may be granted in the period of six weeks following the relevant restriction being lifted.

6. DIVIDEND EQUIVALENTS

The Remuneration Committee may determine that the number of Shares to which a participant's Award relates shall increase to take account of some or all of the dividends (excluding special dividends, unless the Remuneration Committee determines otherwise) which would have been paid on the number of Shares in respect of which the Award vests (or, in respect of an option, is exercised) had the participant held those Shares from the grant date until the date of vesting on such terms as determined by the Remuneration Committee.

Alternatively, the Remuneration Committee may provide additional Shares (or the cash equivalent) to a participant based on the value of some or all of the dividends (excluding special dividends, unless the Remuneration Committee determines otherwise) which would have been paid on the number of Shares in respect of which the Award vests (or, in respect of an option, is exercised) had the participant held those Shares from the grant date until the date of vesting. In these circumstances, the Remuneration Committee has discretion to determine the basis on which this additional amount will be calculated, which may assume the reinvestment of the relevant dividends into Shares.

7. MALUS AND CLAWBACK

The Remuneration Committee may, in its absolute discretion, determine at any time prior to the vesting of an Award to reduce the number of Shares to which an Award relates (including to nil) or impose further conditions on an Award, in circumstances in which the Remuneration Committee considers such action is appropriate. Such circumstances include, but are not limited to:

- a. a material error in or misstatement of the Company's audited financial results;
- b. serious reputational damage to the Company, any group member or a relevant business unit as a result of the participant's misconduct or otherwise;
- c. a material corporate failure in any Group Member or a relevant business unit;
- d. an error in assessing a Performance Condition applicable to the Award or in the information or assumptions on which the Award was granted or Vests;
- e. the Participant has been guilty of gross misconduct
- f. a failure of what the Board considers to be acceptable health and safety standards, which may include a fatality.

Similarly, the participant can be required to give back some or all of the Shares or cash received pursuant to an Award (or pay an amount equal to the value of such Shares) if, within two years of an Award vesting, the Remuneration Committee becomes aware that any of the events described above have occurred. The clawback obligation can be enforced against any other Awards the Participant holds, any cash bonus payable to the Participant, or any other award under an incentive scheme operated by a group member.

8. VESTING AND EXERCISE

Awards that are subject to one or more performance conditions will normally vest as soon as practicable following the end of the performance period (or on such later date as the Remuneration Committee determines) to the extent that the performance condition(s) has/have been satisfied. Where Awards are granted without performance conditions, they will usually vest on the third anniversary of the grant date (or on such other date as the Remuneration Committee determines). Nil-Cost Options will then normally be exercisable until the tenth anniversary of the grant date. In each case, Awards will not vest and options may not be exercised where a holding period applies (see below) or while disciplinary proceedings are underway against the participant or their conduct is being investigated.

The Remuneration Committee can adjust the formulaic vesting outcome of any Award upwards or downwards (including to zero) if it considers that the extent of vesting (i) does not reflect the underlying performance of the Participant or the Hill & Smith group over the Performance Period (or in relation to an Award which is not subject to a Performance Condition, the period beginning on the Grant Date and ending on the Vesting Date), (ii) is not appropriate in the context of circumstances that were unexpected or unforeseen at the Grant Date; or (iii) there is any other reason why an adjustment is appropriate.

At any time before or after the point at which an Award (which is not a Cash Award) has vested, or a Nil-Cost Option has been exercised, but the underlying Shares have yet to be issued or transferred to the participant, the Remuneration Committee may decide to pay a participant a cash amount equal to the value of the Shares he or she would otherwise have received.

Any Shares or cash that are to be issued, transferred or paid (as appropriate) to a participant in respect of a vested Award or an exercised Nil-Cost Option (including a Cash Award) will be issued, transferred or paid (as appropriate) within 30 days of the date of vesting or exercise (as appropriate).

9. HOLDING PERIOD

Awards may be granted on terms that the participant will not become entitled to receive the Shares, and Nil-Cost Options will not become capable of exercise, until the end of a period of up to two years beginning on the vesting date (save in exceptional circumstances when the Committee may disapply the holding period e.g. death).

10. CESSATION OF EMPLOYMENT

If a participant dies, any unvested Award he or she holds will, unless the Remuneration Committee determines otherwise, vest as soon as reasonably practicable after the participant's death to the extent that the Remuneration Committee determines, taking into account the satisfaction of any performance condition(s) and, if the Remuneration Committee so determines, the proportion of the Performance Period or, in relation to an Award which is not subject to a Performance Condition, the period beginning on the grant date and ending on the vesting date (the "Pro-Rating Period") that has elapsed at the date of death. Where Awards vest in these circumstances, Nil-Cost Options will normally be exercisable for 12 months after vesting.

If a participant ceases to be employed by the Company or one of its subsidiaries (together, "the group") by reason of ill-health, injury, disability, redundancy, or the sale of the business or subsidiary that employs him or her out of the group or for any other reason at the Remuneration Committee's discretion (except where a participant is summarily dismissed), any unvested Award he or she holds will usually continue until the normal vesting date unless the Remuneration Committee determines that the Award will vest as soon as reasonably practicable following the date on which the participant ceases to be employed by a member of the group.

The Remuneration Committee will decide the extent to which an unvested Award vests in these circumstances, taking into account the extent to which the performance condition(s) is/are satisfied at the end of any performance period or, as appropriate, at the date on which the participant ceases to be employed by a group member. Unless the Remuneration Committee in its discretion determines otherwise, the proportion of the Pro-Rating Period that has elapsed as at the date on which the participant ceases to be employed by the group will also be taken into account. Where Awards vest in these circumstances, Nil-Cost Options will normally be exercisable for six months after vesting (save where a holding period applies). If a participant ceases employment for one of these "good leaver" reasons whilst holding vested Nil-Cost Options, he or she will normally have six months from cessation within which to exercise those Nil-Cost Options (save where a holding period applies).

If a participant ceases employment with the group in any other circumstances any Award he or she holds shall lapse on the date on which the participant ceases employment.

11. CORPORATE EVENTS

In the event of a change of control of the Company, the Remuneration Committee will decide the extent to which unvested Awards will vest taking into account the satisfaction of any performance condition(s) and, unless the Remuneration Committee determines otherwise, the proportion of the Pro-Rating Period that has elapsed as at the date of the change of control. Nil-Cost Options will then be exercisable for a period of one month, unless the Remuneration Committee requires holders of Nil-Cost Options who wish to exercise their option(s) to give, in advance of the change of control, a notice exercising their option(s) with effect from immediately before the change of control.

Alternatively, the Remuneration Committee may permit or, in the case of an internal reorganisation, require, Awards to be exchanged for equivalent awards which relate to shares in a different company.

If other corporate events occur such as a winding-up of the Company, or a demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee may affect the current or future value of Shares, the Remuneration Committee may determine that Awards will vest taking into account the satisfaction of any relevant performance condition(s) and, unless the Remuneration Committee determines otherwise, the proportion of the Pro-Rating Period that has elapsed as at the date of the relevant event. The Remuneration Committee will determine in these circumstances the length of time during which Awards structured as Nil-Cost Options can then be exercised.

THE OPTION SCHEME

1. ELIGIBILITY

Any employee (including an executive director) of the Company or any of its subsidiaries will be eligible to participate in the Option Scheme at the discretion of the Remuneration Committee.

The Company may grant a "Qualifying Option" (as referred to below) under the Option Scheme in connection with the grant of an award under the LTIP on terms that the LTIP award is scaled back to take account of any gain made on the exercise of the Qualifying Option (such LTIP award being a "Parallel Award"). Other than to enable the grant of awards on this basis, the Company will not grant awards to executive directors under both the Option Scheme and the LTIP in the same grant period.

2. FORM OF AWARDS

Awards under the Option Scheme will be granted in the form of options to acquire ordinary shares in the Company ("Shares"), with a per Share exercise price equal to the market value of a Share at the date of grant. The Option Scheme includes an appendix under which it is proposed that options which satisfy the requirements of Schedule 4 to the Income Tax (Earnings and Pensions) Act 2003 ("Qualifying Options") can be granted, up to the limit permitted by that legislation. Qualifying Options potentially offer beneficial tax treatment to the participant and the member of the group employing the participant.

3. PERFORMANCE CONDITIONS

Unless the Remuneration Committee determines otherwise, options will be subject to the satisfaction of one or more performance conditions (which in the case of Qualifying Options will be objective) which will determine the proportion (if any) of the option which will vest following the end of a performance period. Unless the Remuneration Committee determines otherwise, a performance period shall be at least three years long.

4. INDIVIDUAL LIMITS

Options will not be granted to a participant under the Option Scheme over Shares with a market value in excess of 100 per cent. of salary in respect of any financial year.

5. GRANT OF OPTIONS

Options may only be granted within the six week period following (a) approval of the Option Scheme by shareholders, (b) announcement of the Company's results for any period, (c) in relation to any person the day on which that person first joins the group, (d) any day on which changes to legislation affecting employee share schemes are proposed or made or (e) on any day on which the Remuneration Committee determines that exceptional circumstances exist. However, if the Company is restricted from granting options during any such period, options may be granted in the period of six weeks following the relevant restriction being lifted.

6. MALUS AND CLAWBACK

The Remuneration Committee may, in its absolute discretion, determine at any time prior to the vesting of an option to reduce the number of Shares to which the option relates (including to nil) or (other than in respect of a Qualifying Option) impose further conditions on an option, in circumstances in which the Remuneration Committee considers such action is appropriate. The circumstances in which the malus provision may operate are the same as those in the LTIP (save in respect of Qualifying Options where they are limited, to comply with the tax legislation and guidance, to an error in or misstatement of the Company's audited financial results and an error in assessing a Performance Condition applicable to the Option).

Similarly, the participant can be required to give back some or all of the Shares or cash received pursuant to an option (or pay an amount equal to the value of such Shares) on the same basis as LTIP Awards (save in respect of Qualifying Options where they are limited, to comply with the tax legislation and guidance, to an error in or misstatement of the Company's audited financial results and an error in assessing a Performance Condition applicable to the Option).

7. VESTING AND EXERCISE

Options that are subject to one or more performance conditions will normally vest at the end of the relevant performance period (or, if later, on the third anniversary of the grant date) and then only to the extent that the performance condition(s) has/have been satisfied. Where options are granted without a performance condition, they will usually vest on the third anniversary of the grant date (or on such other date as the Remuneration Committee determines). Options will then normally be exercisable until the tenth anniversary of the grant date on payment of the aggregate exercise price (save that options may not be exercised while disciplinary proceedings are underway against the participant or their conduct is being investigated).

The Remuneration Committee can adjust the formulaic vesting outcome of any option (other than a Qualifying Option) upwards or downwards (including to zero) if it considers that the extent of vesting (i) does not reflect the underlying performance of the Participant or the Hill & Smith group over the Performance Period, or in relation to an option which is not subject to a Performance Condition, the period beginning on the grant date and ending on the normal vesting date, (ii) is not appropriate in the context of circumstances that were unexpected or unforeseen at the Grant Date; or (iii) there is any other reason why an adjustment is appropriate.

At any time before or after the point at which an option (other than a Qualifying Option or Parallel Award) has been exercised, but the underlying Shares have yet to be issued or transferred to the participant, the Remuneration Committee may decide:

(a) to transfer a number of Shares to the participant equal in value to the difference between the aggregate value of the Shares over which the option is exercised and the aggregate exercise price of the option that would have been payable for those Shares; or

(b) to pay a participant a cash amount equal in value to the difference between the aggregate value of the Shares over which the option is exercised and the aggregate exercise price that would have been payable for those Shares.

8. CESSATION OF EMPLOYMENT

If a participant dies, any unvested option he or she holds will, unless the Remuneration Committee determines otherwise, vest as soon as reasonably practicable after the participant's death to the extent that the Remuneration Committee determines, taking into account the satisfaction of any performance condition(s) at that time and, if the Remuneration Committee so determines, the proportion of the Performance Period or, in relation to an Option which is not subject to a Performance Condition, the period beginning on the grant date and ending on the vesting date (the "Pro-Rating Period") that has elapsed at the date of death. Where options vest in these circumstances, they will normally be exercisable for 12 months after vesting.

If a participant ceases to be employed by the group by reason of ill-health, injury, disability, retirement, sale of the entity that employs him or her out of the group, or for any other reason at the Remuneration Committee's discretion (except where a participant is summarily dismissed), any unvested options he or she holds will usually continue until the normal vesting date unless the Remuneration Committee determines that the option will vest as soon as reasonably practicable following the date on which the participant ceases to be employed by the group.

The Remuneration Committee will decide the extent to which an unvested option vests in these circumstances, taking into account the extent to which any performance condition(s) is/are satisfied at the end of any performance period or, as appropriate, at the date on which the participant ceases to be employed by the group. Unless the Remuneration Committee in its discretion determines otherwise, the proportion of the Pro-Rating Period that has elapsed as at the date on which the participant ceases to be employed by the group will also be taken into account. Where options vest in these circumstances, they will normally be exercisable for six months after vesting.

If a participant ceases employment with the group in any other circumstances, any option he or she holds shall lapse on the date on which the participant ceases employment.

9. CORPORATE EVENTS

In the event of a change of control of the Company, the Remuneration Committee will determine the extent to which options will vest taking into account the extent to which any performance condition(s) has/have been satisfied, and, unless the Remuneration Committee determines otherwise, the proportion of the Pro-Rating Period that has elapsed as at the date of the change of control. Options will then be exercisable for a period of one month, unless the Remuneration Committee requires holders of options who wish to exercise their option(s) to give, in advance of the change of control, a notice exercising their option(s) with effect from immediately before the change of control.

Alternatively, the Remuneration Committee may permit or, in the case of an internal reorganisation, require options to be exchanged for equivalent options which relate to shares in another company.

If other corporate events occur such as a winding-up of the Company, or a demerger, delisting, special dividend or other event which, in the opinion of the Remuneration Committee may affect the current or future value of Shares, the Remuneration Committee may determine that options will vest taking into account the satisfaction of any relevant performance condition(s) and, unless the Remuneration Committee determines otherwise, the proportion of the Pro-Rating Period that has elapsed as at the date of the relevant event. The Remuneration Committee will determine in these circumstances the length of time during which options can then be exercised.

THE SHARESAVE SCHEME

1. GENERAL

The Sharesave Scheme will give participating employees the opportunity to save up to £500 per month (or such other amount permitted under the relevant legislation from time to time) in accordance with a savings contract for three or five years (a "Sharesave Contract"). The proceeds of the Sharesave Contract can be used to exercise an option to acquire ordinary shares in the Company ("Shares") at an option price set at the date of invitation, which cannot be less than 80% (or such other percentage as may be permitted by the relevant legislation) of the market value of a Share at the date of invitation.

The Sharesave Scheme is intended to satisfy the requirements of Schedule 3 to the Income Tax (Earnings and Pensions) Act 2003 such that options granted under it will offer the potential for beneficial tax treatment to the participant and the member of the group employing the participant.

2. ELIGIBILITY

All employees (including an executive director) of the Company, or any of its subsidiaries which participate in the Sharesave Scheme, who have been in employment for a minimum period determined by the Directors (not exceeding five years), and any other employees nominated by the Directors may apply for an option on any occasion on which invitations are issued.

3. ISSUE OF INVITATIONS

Invitations to apply for options may only be issued within the six week period following (a) approval of the Sharesave Scheme by shareholders, (b) the announcement of the Company's results for any period, (c) any day on which changes to legislation affecting employee share schemes are proposed or made or (d) any day on which the Remuneration Committee determines that exceptional circumstances exist. However, if the Company is restricted from issuing invitations during any such period, invitations may be issued in the period of six weeks following the relevant restriction being lifted.

4. EXERCISE OF OPTIONS

Ordinarily, an option may be exercised within six months of maturity of the Sharesave Contract.

5. CESSATION OF EMPLOYMENT

Options may be exercised if a participant leaves employment by reason of death, injury, disability, redundancy, retirement, the sale of the entity that employs him or her out of the group or, provided the option has been held for at least three years, any other reason apart from the termination of their employment by their employer.

If a participant ceases employment with the group in any other circumstances, any option he or she holds shall lapse on the date on which the participant ceases employment.

6. CORPORATE EVENTS

Options may be exercised early in the event of a change of control or winding-up of the Company.

THE ESPP

1. GENERAL

The ESPP is designed to enable eligible US-resident employees of the Company or any of its subsidiaries to purchase Shares in a tax-efficient way. The ESPP is designed to meet the conditions of section 423 of the US Tax Code.

2. ELIGIBILITY

Any employee of a subsidiary of the Company designated by the Board to participate in a particular offer of options under the ESPP may be granted an option under the ESPP (provided, if the Remuneration Committee so determines, they meet certain conditions specified in the ESPP rules, such as a minimum period of employment). In practice, participation in the ESPP will be limited to employees of certain designated US subsidiaries of the Company.

3. ISSUE OF INVITATIONS

As with the Sharesave Scheme, when the Board makes an offer of options under the ESPP, it must invite all eligible employees to apply to participate.

Invitations to apply for options may only be issued within the six week period following (a) the approval of the ESPP by shareholders, (b) the business day following the announcement of the Company's results for any period, or (c) any day on which the Board resolves that exceptional circumstances exist. However, if the Company is restricted from issuing invitations during any such period, invitations may be issued in the period of six weeks following the relevant restriction being lifted.

4. FORM OF AWARDS

Under the ESPP, eligible employees will be granted options to purchase Shares ("Options") at a price fixed at the time the Option is granted. Options will be capable of being exercised on designated dates after a specified period has elapsed following the grant of the Options ("Option Period"). Purchases of Shares on behalf of participants in the ESPP who have exercised Options will take place on the last dealing day of each Option Period or at such other times as may be determined by the Remuneration Committee ("Purchase Date"). At the Remuneration Committee's discretion, Shares may also be purchased in the market.

The amount payable by employees for Shares will be the lesser of (i) 85 per cent of their fair market value as at the date selected by the Board for an offering to commence (the "Award Date") and (ii) 85 per cent of their fair market value as at the end of the offering period (the "Exercise Date") unless the Board determines otherwise (in which case, it may be not less than 85% of their fair market value as at the Award Date or the Exercise Date).

The purchase of Shares on behalf of participants is made utilising amounts credited to each participant's savings account by way of post-tax payroll deductions made by that participant's employer. In practice, it is intended that participants will be able to contribute, through payroll deduction, up to \$500 of their eligible compensation to their savings accounts for this purpose. Deductions from payroll will be made during each month or such other periods as may be determined by the Remuneration Committee.

5. INDIVIDUAL LIMITS

As required by the US Tax Code, no employee will be able to acquire shares exceeding \$25,000 in value in any calendar year.

The Remuneration Committee may specify a maximum number of Shares that may be subject to an eligible employee's Option in respect of a given offering.

6. CESSATION OF EMPLOYMENT

If a participant leaves employment for any reason prior to a Purchase Date, any outstanding Option shall immediately lapse in full (and the balance in the Participant's account will be paid to the Participant (or their personal representatives, as appropriate).

7. HOLDING PERIOD

Unless the Board determines otherwise, a Holding Period will apply to the Shares acquired from the exercise of an Option until the later of two years after the Award Date and one year after the Exercise Date. During the Holding Period, the Participant may not dispose of the Shares other than to fund a tax liability on the exercise of the Option or acquisition of the Shares (save that this will not prevent the transfer to the Participant's personal representatives in the event of the Participant's death).

8. CORPORATE EVENTS

In the event of a change of control of the Company or certain other corporate events, the Option Period will terminate and any outstanding Options will be exercised automatically on the date of such event and, to the extent not so exercised, will then lapse. Alternatively, the Remuneration Committee may determine that (i) Options shall be exchanged for options over shares in the acquiring company (or another company), (ii) the normal Exercise Date be brought forward, or (iii) Options shall lapse and Participants' contributions be repaid to them.

9. LIMIT ON NUMBER OF SHARES AVAILABLE FOR THE ESPP

Without further shareholder approval, the total number of Shares over which Options may be granted under the ESPP is 1,000,000 Shares, subject to adjustment to reflect variations of share capital (and subject always to the overall dilution limit referred to below). This limit is included to meet the requirements of the ESPP legislation.

PROVISIONS WHICH ARE COMMON TO THE LTIP, THE OPTION SCHEME, THE SHARES SAVE SCHEME AND THE ESPP

1. TERMS OF AWARDS AND OPTIONS

Awards and options may be granted over newly issued Shares, treasury Shares or Shares purchased in the market. Awards and options are not transferable (other than on death). No payment will be required for the grant of an award or option. Awards and options will not form part of pensionable earnings.

2. OVERALL LIMITS

Each of the LTIP, the Option Scheme, the Sharesave Scheme and the ESPP (together, the "New Schemes") is subject to the following overall limit. In any 10-year period, the number of Shares which may be issued (or committed to be issued) under the relevant plan and under any other employee share plan adopted by the Company may not exceed 10 per cent of the issued ordinary share capital of the Company from time to time.

Each of the LTIP and the Option Scheme is subject to the additional following limit. In any 10 year period, the number of Shares which may be issued (or committed to be issued) under the relevant plan and under any other discretionary share plan adopted by the Company may not exceed 5 per cent. of the issued ordinary share capital of the Company from time to time.

Treasury Shares will be treated as newly issued for the purpose of these limits until such time as guidelines published by institutional investor representative bodies determine otherwise.

3. ADJUSTMENTS

In the event of a variation of the Company's share capital or a demerger, delisting, special dividend, rights issue or other event, which may, in the Remuneration Committee's opinion, affect the current or future value of Shares, the number of Shares subject to an award or option, any performance condition(s) attached to awards or options and/or the exercise price of an option under the Option Scheme, Sharesave Scheme or ESPP may be adjusted, provided that any adjustment to a Qualifying Option under the Option Scheme or an option under the Sharesave Scheme may only be made in accordance with the requirements of the applicable tax legislation.

4. AMENDMENT AND TERMINATION

The Remuneration Committee may amend each of the New Schemes at any time, provided that prior approval of the Company's shareholders in a general meeting will be required for amendments to the advantage of eligible employees or participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash comprised in an award or option and the impact of any variation of capital.

However, any minor amendment to benefit the administration of the New Schemes, to take account of legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the Remuneration Committee without shareholder approval.

No amendment may be made to the material disadvantage of participants in the LTIP, the Option Scheme or the Sharesave Scheme unless consent is sought from the affected participants and given by a majority of them.

The New Schemes will terminate on the tenth anniversary of their approval by shareholders but the rights of existing participants will not be affected by any termination.

5. DOCUMENTS AVAILABLE FOR INSPECTION

The rules of the New Schemes will be available for inspection at the location of the AGM for at least 15 minutes before and during the meeting and on the National Storage Mechanism from the date of this circular.

SHAREHOLDER NOTES



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